



# UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE  
United States Patent and Trademark Office  
Address: COMMISSIONER FOR PATENTS  
P.O. Box 1450  
Alexandria, Virginia 22313-1450  
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/064,783	08/16/2002	Lawrence Lederman	02012-40137	4083
27171	7590	12/08/2006	EXAMINER	
MILBANK, TWEED, HADLEY & MCCLOY 1 CHASE MANHATTAN PLAZA NEW YORK, NY 10005-1413			SUBRAMANIAN, NARAYANSWAMY	
			ART UNIT	PAPER NUMBER
			3692	

DATE MAILED: 12/08/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

Application No.

10/064,783

Applicant(s)

LEDERMAN, LAWRENCE

Examiner

Narayanswamy Subramanian

Art Unit

3692

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 18 September 2006.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1, 2, 5-17 and 121-123 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1, 2, 5-17 and 121-123 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                       | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

### **DETAILED ACTION**

1. This office action is in response to applicants' communication filed on September 18, 2006. Amendments to claims 1, 2 and 5, cancellation of claims 3, 4 and 116-119 and addition of claims 121-123 have been entered. Rejections made under 35 USC § 112, second paragraph in the last office action are withdrawn in view of the amendments and applicant's persuasive arguments. Claims 1, 2, 5-17 and 121-123 are currently pending and have been examined. The rejections and response to arguments are stated below.

#### **Claim Rejections - 35 USC § 101**

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 1, 2, 5-17 and 121-123 are rejected under 35 U.S.C. § 101 because the claimed invention is directed to non-statutory Subject matter.

35 USC 101 requires that in order to be patentable the invention must be a "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof" (emphasis added).

Claims 1, 2, 5-17 and 121-123 are drawn to "a method for creating an incentive for an entity to limit its accumulation of debt issued by a company, including the steps of issuing a debt in the form of a debt instrument; determining a debt concentration threshold; associating a condition with the debt instrument; and changing the at least one parameter of the debt instrument upon the occurrence of the condition". As such the claimed invention is directed to a judicial exception to 35 U.S.C. 101 (i.e., an abstract idea, natural phenomenon, or law of nature) and is not directed to a practical application of such judicial exception because the claims do not

require any physical transformation and the invention as claimed does not produce a useful, concrete, and tangible result.

The Court of Appeals for the Federal Circuit issued opinions in *State Street Bank & Trust Co. v. Signature Financial Group Inc.*, 149 F. 3d 1368, 47 USPQ2d 1596 (Fed. Cir. 1998) and *AT&T Corp. v. Excel Communications, Inc.*, 172 F.3d 1352, 50 USPQ2d 1447 (Fed. Cir. 1999). These decisions explained that, to be eligible for patent protection, the claimed invention as a whole must accomplish a practical application. That is, it must produce a “useful, concrete and tangible result.” *State Street*, 149 F.3d at 1373-74, 47 USPQ2d at 1601 02. To satisfy section 101 requirements, the claim must be for a practical application of the § 101 judicial exception, which can be identified in various ways: (a) The claimed invention “transforms” an article or physical object to a different state or thing. (b) The claimed invention otherwise produces a useful, concrete and tangible result, based on the factors discussed below.

The USPTO’s official interpretation of the utility requirement provides that the utility of an invention has to be (i) specific, (ii) substantial and (iii) credible. See MPEP § 2107. It is not clear as to what is the utility of the claimed invention. The preamble mentions the objective of the claims to be a method for creating an incentive for an entity to limit its accumulation of debt issued by a company, however it is not clear as to how this incentive is achieved from implementing the steps of the invention. The last step of the claim “changing the at least one parameter of the debt instrument upon the occurrence of the condition” does not appear to result in a utility that is specific, substantial and credible.

The tangible requirement does require that the claim must recite more than a § 101 judicial exception, in that the process claim must set forth a practical application of that § 101

judicial exception to produce a real-world result. Benson, 409 U.S. at 71-72, 175 USPQ at 676-77 (invention ineligible because had “no substantial practical application”). It is not clear as to what tangible result is produced by implementing the steps of the claimed invention.

For an invention to produce a “concrete” result, the process must have a result that can be substantially repeatable or the process must substantially produce the same result again. In re Swartz, 232 F.3d 862, 864, 56 USPQ2d 1703, 1704 (Fed. Cir. 2000) (where asserted result produced by the claimed invention is “irreproducible” claim should be rejected under section 101). The opposite of “concrete” is unrepeatable or unpredictable. The steps of the claimed invention are not specific enough to substantially produce the same result again.

There is no useful, concrete and tangible result produced from implementing the steps of the claimed invention. The dependent claims are rejected for the same reason and by way of dependency on a rejected independent claim.

#### **Claim Rejections - 35 USC § 112**

4. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter, which the applicant regards as his invention.

5. Claims 1, 2, 5-17 and 121-123 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 1, 2, 5-17 and 121-123 recite “A method for creating an incentive for an entity to limit its accumulation of debt issued by a company” in the preamble. However it is not clear how this objective of creating an incentive for an entity to limit its accumulation of debt issued by a company is achieved by the steps of the claim. The limitation of “creating an incentive” is not even mentioned in the body of the claim.

Claim 1 recites the limitation “determining a debt concentration threshold”. It is not clear who determines a debt concentration threshold. Is it determined by the company issuing the debt, or by the entity holding the debt or by some other third party. This ambiguity in the claims makes it difficult for one of ordinary skill in the art to assess the scope of the claim. Similar ambiguities are found in the limitations “associating a condition with the debt instrument” and “changing the at least one parameter of the debt instrument”. Which party does the associating a condition and changing the at least one parameter? These ambiguities make the scope of the claim indeterminate. It is also not clear if “availability of the condition” is the same as “occurrence of the condition”. The claim also recites the limitation “the condition changing at least one parameter of the debt instrument”, however there is no mention of the at least one parameter of the debt instrument in any of the preceding steps of the claim. Appropriate clarification/correction is required. Claims 2, 5-17 and 121-123 are rejected by way of dependency on a rejected independent claim.

Claims 1, 2, 5-17 and 121-123 are rejected under 35 U.S.C. 112, second paragraph, as being incomplete for omitting essential structural cooperative relationships of elements, such omission amounting to a gap between the necessary structural connections. See MPEP § 2172.01. In claim 1 it is not clear as to how the steps of “issuing a debt in the form of a debt instrument (by a company)” is related to “the entity holding more of the debt than the debt concentration threshold”. There is no mention about purchasing of this debt by the entity. This important step that relates issuance of debt to holding of debt is missing in the claimed invention. Appropriate clarification/correction is required. Claims 2, 5-17 and 121-123 are rejected by way of dependency on a rejected independent claim.

Further in claim 2 it is not clear if “the company issuing a new debt instrument with the associated condition” is done to replace existing debt or done to add to the existing debt.

Appropriate clarification/correction is required.

In claim 5 it is not clear as to who is “monitoring holdings of debt instruments by entities”. Is the monitoring done by the entities or the issuing company? Appropriate clarification/correction is required.

In claim 6 it is not clear as to when “further comprising changing the debt concentration threshold” occurs. Does it occur before the step of “changing the at least one parameter of the debt instrument” or after this step? Does it occur before the step of “associating a condition with the debt instrument” or after this step? Appropriate clarification/correction is required.

Claim 121 recites “the debt concentration threshold is a percentage”. It is not clear as to what is it a percentage of? Appropriate clarification/correction is required.

Claim 122 recites “the debt concentration threshold is a number of shares”. It is commonly understood that shares are associated with equity holdings. It is not clear what the applicants mean by the term “shares” in the context of debt holdings. Appropriate clarification/correction is required.

In view of these ambiguities the examiner is unable to provide art rejections for the claimed invention.

### ***Response to Arguments***

6. Applicant's arguments with respect to pending claims have been considered but are moot in view of the new ground(s) of rejection.

### **Conclusion**

7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dr. Narayanswamy Subramanian whose telephone number is (571) 272-6751. The examiner can normally be reached Monday-Thursday from 8:30 AM to 7:00 PM. If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Richard Chilcot can be reached at (571) 272-6777. The fax number for Formal or Official faxes and Draft to the Patent Office is (571) 273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PMR or Public PAIR. Status information for unpublished applications is available through Private PMR only. For more information about the PMR



Art Unit: 3692

system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

A handwritten signature in black ink, appearing to read "N. Sub", with a long horizontal flourish extending to the right.

Dr. N. Subramanian  
Primary Examiner

December 2, 2006